

637.505 Income taxes.

1. A tax required to be paid by a trustee based on receipts allocated to income must be paid from income.
 2. A tax required to be paid by a trustee based on receipts allocated to principal must be paid from principal, even if the tax is called an income tax by the taxing authority.
 3. A tax required to be paid by a trustee on the trust's share of an entity's taxable income must be paid according to all of the following principles:
 - a. From income, to the extent that receipts from the entity are allocated only to income.
 - b. From principal, to the extent that receipts from the entity are allocated only to principal.
 - c. Proportionately from principal and income to the extent that receipts from the entity are allocated to both income and principal.
 - d. From principal to the extent that the tax exceeds the total receipts from the entity.
 4. After applying [subsections 1 through 3](#), the trustee shall adjust income or principal receipts to the extent that the taxes of the trust are reduced because the trust receives a deduction for payments made to a beneficiary.
- [99 Acts, ch 124, §28; 2009 Acts, ch 52, §13, 14](#)